

# Applied BioSciences Corp.

A Nevada Corporation

112 North Curry Street  
Carson City, Nevada 89703

---

(212) 401-0097

www.appliedbiocorp.com

info@appliedbiocorp.com

SIC Code: 2040

## Quarterly Report

**For the Period Ending:** June 30, 2021  
(the "Reporting Period")

As of June 30, 2021, the number of shares outstanding of our Common Stock was: 21,402,587

Indicate by check mark whether the company is a shell company (as defined in Rule 405 of the Securities Act of 1933 and Rule 12b-2 of the Exchange Act of 1934):

Yes:

No:

Indicate by check mark whether the company's shell status has changed since the previous reporting period:

Yes:

No:

Indicate by check mark whether a Change in Control<sup>1</sup> of the company has occurred over this reporting period:

Yes:

No:

---

<sup>1</sup> "Change in Control" shall mean any events resulting in:

(i) Any "person" (as such term is used in Sections 13(d) and 14(d) of the Exchange Act) becoming the "beneficial owner" (as defined in Rule 13d-3 of the Exchange Act), directly or indirectly, of securities of the Company representing fifty percent (50%) or more of the total voting power represented by the Company's then outstanding voting securities;

(ii) The consummation of the sale or disposition by the Company of all or substantially all of the Company's assets;

(iii) A change in the composition of the Board occurring within a two (2)-year period, as a result of which fewer than a majority of the directors are directors immediately prior to such change; or

(iv) The consummation of a merger or consolidation of the Company with any other corporation, other than a merger or consolidation which would result in the voting securities of the Company outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity or its parent) at least fifty percent (50%) of the total voting power represented by the voting securities of the Company or such surviving entity or its parent outstanding immediately after such merger or consolidation.

**1) Name of the issuer and its predecessors (if any)**

In answering this item, please also provide any names used by predecessor entities in the past five years and the dates of the name changes.

First Fixtures Inc. until October 13, 2016.  
Stony Hill Corp. from October 13 until March 6, 2018.

Date and state (or jurisdiction) of incorporation (also describe any changes to incorporation since inception, if applicable)  
Please also include the issuer's current standing in its state of incorporation (e.g. active, default, inactive):

We were formed on February 21, 2014, when Articles of Incorporation were filed with the Secretary of State of the State of Nevada, commencing our existence. Our current standing is active with the State of Nevada.

Has the issuer or any of its predecessors ever been in bankruptcy, receivership, or any similar proceeding in the past five years?

Yes:  No:

**2) Security Information**

Trading symbol:	APPB
Exact title and class of securities outstanding:	Common Stock
CUSIP:	03815L102 (Common Stock)
Par or stated value:	\$0.001

Total shares authorized:	200,000,000 shares of common stock
Total shares outstanding:	21,402,587 shares of common stock as of June 30, 2021
Number of shares in the Public Float <sup>2</sup> :	4,190,202 as of date: June 30, 2021
Total number of shareholders of record:	79 as of June 30, 2021

*Additional class of securities (if any):*

None.

Transfer Agent

Name: West Coast Stock Transfer, Inc.  
Phone: (619) 664-4780  
Email: cs@wcsti.com

Is the Transfer Agent registered under the Exchange Act?<sup>3</sup> Yes:  No:

Describe any trading suspension orders issued by the SEC concerning the issuer or its predecessors:

On April 13, 2020, the Securities and Exchange Commission (the "SEC") issued Securities Exchange Act of 1934 Release No. 88627 (the "Release"), pursuant to which the SEC stated, in relevant part, "announced the temporary suspension, pursuant to Section 12(k) of the Securities Exchange Act of 1934 (the "Exchange Act"), of trading in the securities Applied BioSciences Corp. ("APPB") (CIK #001607549) of Beverly Hills, California at 9:30 a.m. EDT on April 14, 2020, and terminating at 11:59 p.m. EDT on April 27, 2020." The SEC further stated, among other things, that "The Commission temporarily suspended trading in the securities of APPB because questions have arisen concerning the accuracy and adequacy of publicly-available information concerning APPB. The questions relate to statements that APPB made about selling coronavirus test kits for home use in a June 30, 2020 press release issued by the Company."

<sup>2</sup> "Public Float" shall mean the total number of unrestricted shares not held directly or indirectly by an officer, director, any person who is the beneficial owner of more than 10 percent of the total shares outstanding (a "control person"), or any affiliates thereof, or any immediate family members of officers, directors and control persons.

<sup>3</sup> To be included in the Pink Current Information tier, the transfer agent must be registered under the Exchange Act.

The temporary trading suspension terminated at 11:59 p.m. on April 27, 2020.

List any stock split, stock dividend, recapitalization, merger, acquisition, spin-off, or reorganization either currently anticipated or that occurred within the past 12 months:

Pursuant to Nevada Revised Statutes 78.288, with the participation of the Depository Trust Company, we effected a distribution of assets, namely approximately 19,552,590 shares of common stock of Agentix Corp., a Nevada corporation, held by us, on a pro rata basis to our stockholders. The record date for the distribution was April 26, 2021, and the payable date for the distribution was April 29, 2021.

### 3) Issuance History

The goal of this section is to provide disclosure with respect to each event that resulted in any direct changes to the total shares outstanding of any class of the issuer's securities **in the past two completed fiscal years and any subsequent interim period**.

Disclosure under this item shall include, in chronological order, all offerings and issuances of securities, including debt convertible into equity securities, whether private or public, and all shares or any other securities or options to acquire such securities issued for services. Using the tabular format below, please describe these events.

#### A. Changes to the Number of Outstanding Shares

Check this box to indicate there were no changes to the number of outstanding shares within the past two completed fiscal years and any subsequent periods:

Shares Outstanding as of Second Most Recent Fiscal Year End: <u>Opening Balance</u> Date: March 31, 2019    Common: 13,397,110 Preferred: -0-			*Right-click the rows below and select "Insert" to add rows as needed.						
Date of Transaction	Transaction type (e.g. new issuance, cancellation, shares returned to treasury)	Number of Shares Issued (or cancelled)	Class of Securities	Value of shares issued (\$/per share) at Issuance	Were the shares issued at a discount to market price at the time of issuance? (Yes/No)	Individual/ Entity Shares were issued to (entities must have individual with voting / investment control disclosed).	Reason for share issuance (e.g. for cash or debt conversion) -OR- Nature of Services Provided	Restricted or Unrestricted as of this filing.	Exemption or Registration Type.
04/01/2019	New issuance	50,000	common stock	\$66,400	No	Grays Peak Ventures LLC (1)	Debt conversion	Restricted	SEC Rule 506
09/13/2019	New issuance	100,000	common stock	\$70,000	No	John Brady	Officer and director services to the Company.	Restricted	SEC Rule 506
10/29/2019	New issuance	153,846	common stock	\$98,461	Yes	Jacob Gamble	Debt conversion	Restricted	SEC Rule 506

11/04/2019	New issuance	80,000	common stock	\$40,800	No	Jenene Thomas	Investor relations services.	Restricted	SEC Rule 506
11/04/2019	New issuance	20,000	common stock	\$10,200	No	Justin Romanowski	Investor relations services.	Restricted	SEC Rule 506
12/20/2019	New issuance	150,000	common stock	\$40,500	no	JJ Southard	Officer and director services to the Company.	Restricted	SEC Rule 506
12/20/2019	New issuance	150,000	common stock	\$40,500	no	Chris Bridges	Officer and director services to the Company.	Restricted	SEC Rule 506
03/09/2020	New issuance	192,000	common stock	\$61,440	No	Grays Peak Ventures LLC (1)	Debt conversion	Restricted	SEC Rule 506
03/09/2020	New issuance	54,955	common stock	\$17,586	No	Grays Peak Ventures LLC (1)	Debt Conversion	Restricted	SEC Rule 506
04/01/2020	New issuance	67,038	common stock	\$39,552	No	Gordon Fargas	Consideration for a transaction	Restricted	SEC Rule 506
04/01/2020	New issuance	67,038	common stock	\$39,552	No	Jason Zitzer	Consideration for a transaction	Restricted	SEC Rule 506
04/01/2020	New issuance	250,000	common stock	\$147,500	No	Bamboo Holdings Limited (2)	Debt Conversion	Restricted	SEC Rule 506
05/07/2020	New issuance	400,000	common stock	\$180,000	No	H Leigh Severance	Debt Conversion	Restricted	SEC Rule 506
05/07/2020	New issuance	400,000	common stock	\$180,000	No	Timothy Alpers	Debt Conversion	Restricted	SEC Rule 506
05/07/2020	New issuance	800,000	common stock	\$360,000	No	Francis WK Smith Jr.	Debt Conversion	Restricted	SEC Rule 506
05/07/2020	New issuance	400,000	common stock	\$180,000	No	Lawrence A Pabst	Debt Conversion	Restricted	SEC Rule 506
05/07/2020	New issuance	100,000	common stock	\$45,000	No	Barry W Maas	Debt Conversion	Restricted	SEC Rule 506
05/07/2020	New issuance	400,000	common stock	\$180,000	No	Horberg Enterprises LP (3)	Debt Conversion	Restricted	SEC Rule 506
05/07/2020	New issuance	120,000	common stock	\$54,000	No	Gerome Gildner	Debt Conversion	Restricted	SEC Rule 506

05/07/2020	New issuance	400,000	common stock	\$180,000	No	Four Seasons Financial LLC (4)	Debt Conversion	Restricted	SEC Rule 506
05/07/2020	New issuance	933,333	common stock	\$420,000	No	Nicholas Carosi III	Debt Conversion	Restricted	SEC Rule 506
05/07/2020	New issuance	666,667	common stock	\$300,000	No	Charles P. Gaskins	Debt Conversion	Restricted	SEC Rule 506
05/07/2020	New issuance	200,600	common stock	\$90,270	No	James G. Athas	Debt Conversion	Restricted	SEC Rule 506
05/13/2020	New issuance	250,000	common stock	\$57,500	No	Bamboo Holdings Limited (5)	Debt Conversion	Restricted	SEC Rule 506
12/04/2020	New issuance	300,000	common stock	\$60,000	No	Chris Bridges	Director and officer compensation	Restricted	Section 4(a)(2)
12/04/2020	New issuance	300,000	common stock	\$60,000	No	Scott Stevens	Director and officer compensation	Restricted	Section 4(a)(2)
12/04/2020	New issuance	50,000	common stock	\$10,000	No	Christopher Frost	Bonus for providing legal services	Restricted	Section 4(a)(2)
12/04/2020	New issuance	150,000	common stock	\$30,000	No	Thomas Puzzo	Bonus for providing legal services	Restricted	Section 4(a)(2)
02/11/2021	New Issuance	1,000,000	common stock	\$200,000	No	Grays Peak Ventures LLC (1)	Debt conversion	Restricted	Section 4(a)(2)
02/26/2021	New Issuance	50,000	common stock	\$8,050	No	Chris Frost	Services Provided	Restricted	Section 4(a)(2)
02/26/2021	New Issuance	100,000	common stock	\$16,100	No	Millennium Park Capital	Services Provided	Restricted	Section 4(a)(2)
Shares Outstanding on Date of This Report:									
<u>Ending Balance</u>									
<u>Ending Balance:</u>									
Date: June 30, 2021 Common: 21,402,587									
Preferred: 0									

- (1) Voting and investment control held by Scott Stevens.
- (2) Voting and investment control held by Zoe Zhou.
- (3) Voting and investment control held by Howard Horberg.
- (4) Voting and investment control held by Charles Gaskins.
- (5) Voting and investment control held by Zoe Zhou.

**B. Debt Securities, Including Promissory and Convertible Notes**

The chart below lists and describes any issuance of promissory notes, convertible notes or convertible debentures in the past two completed fiscal years and any subsequent interim period.

Check this box if there are no outstanding promissory notes, convertible notes or debt arrangements:

Date of Note Issuance	Outstanding Balance (\$)	Principal Amount at Issuance (\$)	Interest Accrued (\$)	Maturity Date	Conversion Terms (e.g. pricing mechanism for determining conversion of instrument to shares)	Name of Noteholder	Reason for Issuance (e.g. Loan, Services, etc.)
1/20/21	200,000	200,000	0	6/3/21	\$0.20 per share	Grays Peak Ventures LLC	Working Capital
3/3/20	100,000	100,000	0	3/2/24	\$0.25 per share	Charles Gaskins	Working Capital
3/5/20	100,000	100,000	0	3/2/24	\$0.25 per share	Four Seasons	Working Capital
3/9/20	50,000	50,000	0	3/2/24	\$0.25 per share	James Athas	Working Capital
3/11/20	66,667	66,667	0	3/2/24	\$0.25 per share	Charles Gaskins	Working Capital
3/11/20	30,000	30,000	0	3/2/24	\$0.25 per share	Jerome Gildner	Working Capital
3/11/20	166,667	166,667	0	3/2/24	\$0.25 per share	Nicholas Carosi	Working Capital
3/11/20	200,000	200,000	0	3/2/24	\$0.25 per share	Francis Smith	Working Capital
3/12/20	100,000	100,000	0	3/2/24	\$0.25 per share	Horberg Enterprises	Working Capital
3/12/20	100,000	100,000	0	3/2/24	\$0.25 per share	Nicholas Carosi	Working Capital

3/16/20	100,000	100,000	0	3/2/24	\$0.25 per share	Timothy Alpers	Working Capital
3/17/20	66,667	66,667	0	3/2/24	\$0.25 per share	Nicholas Carosi	Working Capital
3/17/20	100,000	100,000	0	3/2/24	\$0.25 per share	Leigh	Working Capital
4/1/19	99,977	99,977	\$5,982	3/31/20	\$1.00 per share	Bamboo	Working Capital
4/1/19	49,977	49,977	\$2,760	3/31/20	\$1.00 per share	Bamboo	Working Capital
4/1/19	99,977	99,985	\$5,029	3/31/20	\$1.00 per share	Bamboo	Working Capital

#### 4) Financial Statements

A. The following financial statements were prepared in accordance with:

- U.S. GAAP  
 IFRS

B. The financial statements for this reporting period were prepared by (name of individual)<sup>4</sup>:

Name: David Fiene, CPA  
Title: Certified Public Accountant  
Relationship to Issuer: Accountancy Advisor

The following financial statements described below are provided and incorporated by this reference for the most recent fiscal year or quarter:

- C. Consolidated Balance Sheets;  
D. Consolidated Statements of Operations;  
E. Statement of Cash Flows; and  
F. Financial Notes.

Attached as Exhibit A to this Quarterly Report are our unaudited financial statements and notes for the fiscal year ended June 30, 2021.

#### 5) Issuer's Business, Products and Services

The purpose of this section is to provide a clear description of the issuer's current operations. In answering this item, please include the following:

<sup>4</sup> The financial statements requested pursuant to this item must be prepared in accordance with US GAAP or IFRS by persons with sufficient financial skills.

A. Summarize the issuer's business operations (If the issuer does not have current operations, state "no operations")

We are a vertically integrated company focused on the development of science-driven Cannabinoid therapeutics/biopharmaceuticals, and delivering high-quality CBD products as well as state-of-the-art testing and analytics capabilities to our customers. As a company in the bioceutical and pet health industries, the company is currently shipping to the majority of US states, as well as to multiple non-US countries. The Company is focused on select investment, consumer brands, and partnership opportunities in the recreational, health and wellness, nutraceutical, and media industries.

We have established key exclusive strategic alliances which serve to help accomplish the task of becoming the market leader. Directly and through our partners, we sell consumer products including health and wellness creams, tinctures, edibles, confections, clothing, apparel, and other various branded products.

B. Describe any subsidiaries, parents, or affiliated companies, if applicable, and a description of their business contact information for the business, officers, directors, managers or control persons. Subsidiary information may be included by reference:

1. Trace Analytics, Inc., a Washington corporation. 13415 N Calispel Ct., Spokane, Washington 99208. President: Gordon Fargas.
2. Applied Products, LLC, a Nevada limited liability company. 9701 Wilshire Blvd., Ste. 1000, Beverly Hills, California 90212. Control Person: Applied BioSciences Corp., a Nevada corporation.
3. API Holdings, LLC, a Washington limited liability company. 13415 N Calispel Ct., Spokane, Washington 99208. Control Person: Applied BioSciences Corp., a Nevada corporation.

C. Describe the issuers' principal products or services, and their markets

### **Primary Business**

Applied BioSciences offers a broad selection of medical and consumer products including creams, balms, tinctures, concentrates and edibles and is organized for various investments under the Applied BioSciences brand as well as to conduct any other related business and activities. Applied BioSciences is the owner and has right to intellectual property, including trademark, trade names, images, likenesses and other associated intellectual property, such as the names "Remedi", "Remedi Plus", "HerbalPet", "Champ Organics" and "Equine Care."

The company also offers state-of-the-art testing and analytics capabilities through its majority owned subsidiary, Trace Analytics.

We intend to:

- establish a global medical and consumer platform and multiple brands;
- create of platform to partner and invest in various segments in the consumer industry; and
- establish key exclusive strategic alliances which serve to accomplish the task of becoming the market leader

We currently independently or in conjunction with third parties, sell products focused on the medical, bioceutical and pet health industry. We source products from multiple production facilities in California, Colorado, Nevada and Florida.

### **Remedi and Remedi Plus**

The team at Remedi are based in Colorado, and is a collaboration project of hemp industry professionals. With an advisory board of scientists, physicians, farmers and extraction specialists, Remedi has launched an initial line of Hemp Infused products focused on delivery methods with proven, noticeable effects. The State Approved Industrial Hemp farms in Colorado are required to grow their crops in a Pesticide-Free Environment. On Certified Organic land, the Hemp used to create the extracts in our products is certified by the Colorado Department of Agriculture to be free of any residual chemicals.

Currently there are 3 categories of the Remedi Brand:

- Essential – designed for everyday life with essential flavors and natural organic ingredients

- Boost – designed for daily life infused with essential flavors, vitamins and minerals and natural additives
- Relax – designed for relaxing and as a natural sleep aid with natural organic ingredients

### **HerbalPet**

HerbalPet was established to create a new standard of care in the pet health industry by providing pet owners with safe, natural, veterinarian-recommended products. By placing pets over profits, HerbalPet delivers the highest quality cannabinoid-based nutraceuticals for cats, dogs and horses. The longer we can enrich our furry friends' lives, the longer they can enrich ours.

HerbalPet Hemp Tinctures are formulated with your dog or cat's holistic well-being as the central focus. Easily digested and dosed by the single drop, you can add this naturally-flavored supplement to your pet's food, treats or easily right on their tongue. Beef and Peanut Butter for dogs, Chicken for Cats and Apple for Horses. Full Spectrum CBD Oil infused tinctures contain a wide range of beneficial cannabinoids and terpenes, extracted from CBD-rich industrial hemp, you will see the difference in your Pet's quality of life.

Currently there are 3 categories of the HerbalPet Brand:

- Canine – Beef and Peanut Butter Flavor
- Feline – Chicken Flavor
- Equine Care – Apple Flavor

### **Champ Organics**

Champ Organics is a line of athlete-focused cannabidiol ("CBD") based health and wellness Supplements to enhance training and recovery launched with Shannon Briggs, former heavy weight boxing champion and world record-holder for the most first-round knockouts.

### **Trace Analytics, Inc.**

Trace Analytics, Inc., a majority owned subsidiary of the Company was acquired on January 1, 2019, and is a cannabis testing laboratory and service company located in Spokane, Washington. Some of the services provided by Trace Analytics are:

- 502 compulsory testing for all types of cannabis products;
- Industrial hemp CBD product testing;
- Extensive terpene, residual solvents, and cannabinoid profiles;
- Aflatoxin/Mycotoxin screening;
- Experienced grow consultation, evaluation and related services; and
- Edibles work up, process evaluation and dose distribution guidance.

### **Recent Event**

Pursuant to Nevada Revised Statutes 78.288, with the participation of the Depository Trust Company, we effected a distribution of assets, namely approximately 19,552,590 shares of common stock of Agentix Corp., a Nevada corporation, held by us, on a pro rata basis to our stockholders. The record date for the distribution was April 26, 2021, and the payable date for the distribution was April 29, 2021.

### **6) Issuer's Facilities**

The goal of this section is to provide a potential investor with a clear understanding of all assets, properties or facilities owned, used or leased by the issuer.

In responding to this item, please clearly describe the assets, properties or facilities of the issuer, give the location of the principal plants and other property of the issuer and describe the condition of the properties. If the issuer does not have

complete ownership or control of the property (for example, if others also own the property or if there is a mortgage on the property), describe the limitations on the ownership.

If the issuer leases any assets, properties or facilities, clearly describe them as above and the terms of their leases.

The Company's administrative offices are located at 112 North Curry Street, Carson City, Nevada 89703. As this is the address of our registered agent, we do not pay fees under a lease.

The Company's majority owned subsidiary, Trace Analytics, Inc., leases facilities for its operations 908 N. Howard Street, Suite 101, Spokane, Washington 99201.

## 7) Officers, Directors, and Control Persons

The goal of this section is to provide an investor with a clear understanding of the identity of all the persons or entities that are involved in managing, controlling or advising the operations, business development and disclosure of the issuer, as well as the identity of any significant or beneficial shareholders.

Using the tabular format below, please provide information regarding any person or entity owning 5% of more of the issuer, as well as any officer, and any director of the company, regardless of the number of shares they own. **If any listed are corporate shareholders or entities, provide the name and address of the person(s) beneficially owning or controlling such corporate shareholders, or the name and contact information of an individual representing the corporation or entity in the note section.**

Name of Officer/Director and Control Person	Affiliation with Company (e.g. Officer/Director/Owner of more than 5%)	Residential Address (City / State Only)	Number of shares owned	Share type/class	Ownership Percentage of Class Outstanding	Note
Chris Bridges	President, Secretary, Treasurer and director	c/o Applied BioSciences Corp., 112 North Curry Street, Carson City, Nevada 89703	671,124	common stock	3.3%	
SBS Family Trust	Holder of greater than 5% of shares of common stock	c/o Applied BioSciences Corp., 112 North Curry Street, Carson City, Nevada 89703	1,810,000	common stock	8.4%	Voting and investment control held by Thomas Puzzo
John R. Brady Living Trust	Holder of greater than 5% of shares of common stock	22747 Brandywine Drive Calabasas, California 91302	1,661,000	common stock	7.7%	Voting and investment control held by John Brady
Great Peak Ventures LLC – Series I	Holder of greater than 5% of shares of common stock	320 Park Ave New York, NY 10022	1,491,995	common stock	6.9%	Voting and investment control held by Scott Stevens
Scott Stevens	Holder of greater than 5% of shares of common stock	100 Hickory Lane Bedford, NY 10506	1,440,000	common stock	6.7%	490,000 shares held individually; 950,000 shares

						held by SBS Management (1);
--	--	--	--	--	--	-----------------------------

(1) Voting and investment control held by Scott Stevens.

**8) Legal/Disciplinary History**

A. Please identify whether any of the persons listed above have, in the past 10 years, been the subject of:

1. A conviction in a criminal proceeding or named as a defendant in a pending criminal proceeding (excluding traffic violations and other minor offenses);

None.

2. The entry of an order, judgment, or decree, not subsequently reversed, suspended or vacated, by a court of competent jurisdiction that permanently or temporarily enjoined, barred, suspended or otherwise limited such person's involvement in any type of business, securities, commodities, or banking activities;

None.

3. A finding or judgment by a court of competent jurisdiction (in a civil action), the Securities and Exchange Commission, the Commodity Futures Trading Commission, or a state securities regulator of a violation of federal or state securities or commodities law, which finding or judgment has not been reversed, suspended, or vacated; or

None.

4. The entry of an order by a self-regulatory organization that permanently or temporarily barred, suspended, or otherwise limited such person's involvement in any type of business or securities activities.

None.

B. Describe briefly any material pending legal proceedings, other than ordinary routine litigation incidental to the business, to which the issuer or any of its subsidiaries is a party or of which any of their property is the subject. Include the name of the court or agency in which the proceedings are pending, the date instituted, the principal parties thereto, a description of the factual basis alleged to underlie the proceeding and the relief sought. Include similar information as to any such proceedings known to be contemplated by governmental authorities.

None.

**9) Third Party Providers**

Please provide the name, address, telephone number and email address of each of the following outside providers:

Securities Counsel

Name: Thomas Puzzo, Esq.  
 Firm: Law Offices of Thomas E. Puzzo, PLLC  
 Address 1: 3823 44<sup>th</sup> Ave. NE  
 Address 2: Seattle, Washington 98105  
 Phone: (206) 522-2256  
 Email: tpuzzo@puzzolaw.com

Accountant

Name: David Fiene, CPA  
 Firm: Accounting Advantage Group  
 Address 1: c/o Applied BioSciences Corp.  
 Address 2: 112 North Curry St.

Carson City, Nevada 89703  
Phone: (714) 696-8680  
Email: djfiene@mycpapartners.com

Investor Relations Consultant

None.

Other Service Providers

Provide the name of any other service provider(s), including, counsel, advisor(s) or consultant(s) **that assisted, advised, prepared or provided information with respect to this disclosure statement**, or provided assistance or services to the issuer during the reporting period.

None.

**10) Issuer Certification**

*Principal Executive Officer:*

The issuer shall include certifications by the chief executive officer and chief financial officer of the issuer (or any other persons with different titles but having the same responsibilities).

The certifications shall follow the format below:

I, Chris Bridges, certify that:

1. I have reviewed this Quarterly Report of Applied BioSciences Corp.;
2. Based on my knowledge, this disclosure statement does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this disclosure statement; and
3. Based on my knowledge, the financial statements, and other financial information included or incorporated by reference in this disclosure statement, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this disclosure statement.

**APPLIED BIOSCIENCES CORP.**

Date: August 5, 2021

By: /s/ Chris Bridges  
Name: Chris Bridges  
Title: President  
(principal executive officer,  
principal accounting officer and principal  
financial officer)

**EXHIBIT A**

**APPLIED BIOSCIENCES CORP.**  
**CONSOLIDATED BALANCE SHEETS (UNAUDITED)**

	<b>June 30, 2021</b>	<b>March 31, 2021</b>
	(unaudited)	(unaudited)
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash	\$ 141	\$ 350
Prepays and other current assets	9,047	9,047
<b>Total Current Assets</b>	9,188	9,397
Property and equipment, net	92,965	133,289
Leased asset - right of use	207,702	222,663
Equity investments	570,911	570,911
Goodwill	341,149	341,149
<b>TOTAL ASSETS</b>	\$ 1,221,915	\$ 1,277,409
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
<b>Current Liabilities</b>		
Accounts payable	\$ 552,415	\$ 482,397
Note Payable	25,000	25,000
Short term convertible note payable	25,000	25,000
Lease liability, current	61,361	60,751
Accrued expenses	95,752	95,751
<b>Total Current Liabilities</b>	759,528	688,899
Lease liability, long term	146,341	161,912
<b>Total Liabilities</b>	905,869	850,811
Commitments and Contingencies		
<b>Stockholders' Equity</b>		
Common stock; \$0.00001 par value; 200,000,000 shares authorized: 21,402,587 issued and outstanding at June 30, 2021 and March 31, 2021	216	216
Additional paid in capital	9,872,913	9,872,913
Common stock to be issued, 804,872 shares at June 30, 2021 and March 31, 2021	807,852	807,852
Accumulated deficit	(11,063,318)	(10,972,037)
Total Applied BioSciences Corp. Stockholders' Equity	(382,337)	(291,056)
Non-controlling deficit	698,383	717,654
<b>Total Stockholders' Equity</b>	316,046	426,598
<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b>	\$ 1,221,915	\$ 1,277,409

The accompanying notes are an integral part of these unaudited consolidated financial statements.

**APPLIED BIOSCIENCES CORP.**  
**CONSOLIDATED STATEMENTS OF OPERATIONS (UNAUDITED)**

	<b>Three Months Ended June 30, 2021</b>	<b>Three Months Ended June 30, 2020</b>
	<u>(unaudited)</u>	<u>(unaudited)</u>
<b>REVENUE, NET</b>		
Products	\$ -	\$ 10,467
Services	-	70,723
Total revenues, net	<u>-</u>	<u>81,190</u>
 <b>COSTS OF REVENUE</b>		
Products	-	40,843
Services	-	6,013
Total costs of revenue	<u>-</u>	<u>46,856</u>
 <b>GROSS MARGIN</b>	<u>-</u>	<u>34,334</u>
 <b>EXPENSES</b>		
Sales and marketing	-	174,979
General and administrative	70,228	230,642
Depreciation and amortization	40,324	39,627
<b>TOTAL OPERATING EXPENSES</b>	<u>110,552</u>	<u>445,248</u>
<b>OPERATING LOSS</b>	<u>(110,552)</u>	<u>(410,914)</u>
<b>Other Income (Expense)</b>		
Gain on conversion of convertible debt	-	895,191
Interest (expense), net	-	(444)
<b>Total other (expense) income, net</b>	<u>-</u>	<u>894,747</u>
<b>NET (LOSS) INCOME</b>	<u>(110,552)</u>	<u>483,833</u>
Less: Net loss attributable to non controlling interest	19,271	36,333
<b>NET (LOSS) INCOME ATTRIBUTABLE TO</b>		
<b>APPLIED BIOSCIENCES CORP.</b>	<u>\$ (91,281)</u>	<u>\$ 520,166</u>
 <b>(LOSS) INCOME PER COMMON SHARE</b>	<u>\$ (0.00)</u>	<u>\$ 0.03</u>
 <b>WEIGHTED AVERAGE SHARES OUTSTANDING</b>		
Basic and diluted	<u>21,402,587</u>	<u>17,624,347</u>

The accompanying notes are an integral part of these unaudited consolidated financial statements.

**APPLIED BIOSCIENCES CORP.**  
**CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY**  
**FOR THE THREE MONTHS ENDED JUNE 30, 2021 AND 2020 (UNAUDITED)**

	Common Stock \$0.00001 Par		Common Stock to be Issued	Additional Paid In Capital	Non-Controlling Interest	Accumulated Deficit	Stockholders' Equity
	Number	Amount					
Balance, March 31, 2021 (unaudited)	21,402,587	\$ 216	\$ 807,852	\$ 9,872,913	\$ 717,654	\$ (10,972,037)	\$ 426,598
Net loss					(19,271)	(91,281)	(110,552)
Balance, June 30, 2021 (unaudited)	<u>21,402,587</u>	<u>\$ 216</u>	<u>\$ 807,852</u>	<u>\$ 9,872,913</u>	<u>\$ 698,383</u>	<u>\$ (11,063,318)</u>	<u>\$ 316,046</u>
Balance, March 31, 2020 (unaudited)	14,347,911 #	\$ 145	\$ 988,852	\$ 7,872,773	\$ 850,102	\$ (10,204,817)	\$ (492,945)
Shares issued upon conversion of convertible notes	5,070,600	51		1,455,099			1,455,150
Issuance of common stock previously committed but not issued	134,076	1	(181,000)	180,999			-
Net (loss) Income					(36,333)	520,166	483,833
Balance, June 30, 2020 (unaudited)	<u>19,552,587</u>	<u>197</u>	<u>807,852</u>	<u>9,508,871</u>	<u>813,769</u>	<u>(9,684,651)</u>	<u>1,446,038</u>

The accompanying notes are an integral part of these unaudited consolidated financial statements.

**APPLIED BIOSCIENCES CORP.**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)**

	<b>Three Months June 30, 2021</b>	<b>Three Months June 30, 2020</b>
	(unaudited)	(unaudited)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net (loss) income	\$ (110,552)	\$ 483,833
Adjustment to reconcile net loss to net cash used in operating activities:		
Gain on conversion of convertible debt	-	(895,191)
Depreciation	40,324	39,627
Amortization of operating lease right-of-use asset	14,961	21,951
Changes in operating assets and liabilities		
Repayment of lease obligations	(14,961)	(21,951)
Accounts receivable	-	(5,781)
Inventory	-	(64,997)
Prepaid and other current assets	-	(4,365)
Accounts payable and accrued expenses	70,019	(68,857)
Net cash used in operating activities	(209)	(515,731)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Net cash used in investing activities	-	-
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Repayments of convertible notes	-	-
Proceeds from issuance of convertible notes	-	25,000
Net cash provided by financing activities	-	25,000
<b>NET CHANGE IN CASH</b>	(209)	(490,731)
<b>CASH, BEGINNING OF PERIOD</b>	350	525,064
<b>CASH, END OF PERIOD</b>	\$ 141	\$ 34,333
<b>NON-CASH INVESTING AND FINANCING ACTIVITIES</b>		
Fair value of common stock issued upon conversion of convertible notes	\$ -	\$ 1,455,150

The accompanying notes are an integral part of these unaudited consolidated financial statements.

**APPLIED BIOSCIENCES CORP.**  
**NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE THREE MONTHS ENDED JUNE 30, 2021 (UNAUDITED)**

**NOTE 1 – ORGANIZATION AND BASIS OF PRESENTATION**

**Description of the Company**

Applied BioSciences Corp. (formerly First Fixtures, Inc. and Stony Hill Corp. or the “Company”) was incorporated in the State of Nevada on February 21, 2014 and established a fiscal year end of March 31. The Company is focused on the testing of cannabis, including cannabinoid therapeutics / biopharmaceuticals.

Effective October 24, 2016 the Company changed its name from First Fixtures Inc. to Stony Hill Corp. and on March 6, 2018, the Company changed its name from Stony Hill Corp. to Applied BioSciences Corp.

**Basis of presentation – Unaudited Financial Statements**

The accompanying unaudited condensed consolidated financial statements of the Company have been prepared in accordance with accounting principles generally accepted in the United States of America for interim financial information and the rules and regulations of the Securities and Exchange Commission. However, these unaudited condensed financial statements have not been reviewed by an independent certified public accounting firm. Accordingly, the unaudited condensed consolidated financial statements do not include all information and footnotes required by accounting principles generally accepted in the United States of America for complete annual financial statements. In the opinion of management, the accompanying unaudited condensed consolidated financial statements primarily reflect all adjustments, consisting of only normal recurring adjustments, considered necessary for a reasonably fair presentation. Interim operating results are not indicative of results that may be expected for the fiscal year ending March 31, 2022, or for any other interim period. These unaudited condensed consolidated financial statements should be read in conjunction with the Company’s unaudited annual financial statements as of and for the year ended March 31, 2021.

**Going concern**

These unaudited financial statements have been prepared on a going concern basis which assumes the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. As reflected in the consolidated financial statements, during the three months ended June 30, 2021 the Company incurred a net loss and used cash in operating activities and cash on hand was \$141 as of June 30, 2021. These and other factors raise substantial doubt about the Company's ability to continue as a going concern within one year after the date these financial statements are issued. These financial statements do not include any adjustments that might be necessary should the Company be unable to continue as a going concern.

The Company’s ability to continue as a going concern is dependent upon its ability to raise additional capital and to ultimately achieve sustainable revenues and income from operations. The Company will need additional funds to operate its business through and beyond the date of this filing. There is no assurance that such funds will be available or at terms acceptable to the Company. Even if the Company is able to obtain additional financing, it may contain undue restrictions and covenants on its operations, in the case of debt financing or cause substantial dilution for its stockholders in the case of convertible debt and equity financing.

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Principles of Consolidation**

The consolidated financial statements include the accounts of the Company’s subsidiaries, Applied Products LLC (100% owned entity), VitaCBD LLC, (80% owned entity), Applied Biopharma LLC (100% owned entity), API Holdings (90% owned entity), Trace Analytics, Inc. (51% owned entity), all Washington limited liability companies, and SHL Management LLC (100% owned), a Nevada limited liability company. Intercompany transactions and balances have been eliminated in consolidation. Management evaluates its investments on an individual basis for purposes of determining whether or not consolidation is appropriate.

**APPLIED BIOSCIENCES CORP.**  
**NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE THREE MONTHS ENDED JUNE 30, 2021 (UNAUDITED)**

**Use of Estimates and Assumptions**

Preparation of the consolidated financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Among other things, management estimates include the collectability of its accounts receivable, recoverability of inventory, assumptions made in determining impairment of investments and goodwill, assumption of the value of acquisitions, accruals for potential liabilities, fair value of derivative instruments and realization of deferred tax assets. These estimates generally involve complex issues and require judgments, involve analysis of historical information and the prediction of future trends, and are subject to change from period to period. Actual amounts could differ significantly from these estimates.

**Fair Value of Financial Instruments**

The Company follows paragraph 820-10-35-37 of the FASB Accounting Standards Codification (“Paragraph 820-10-35-37”) to measure the fair value of its financial instruments and paragraph 825-10-50-10 of the FASB Accounting Standards Codification for disclosures about fair value of its financial instruments. Paragraph 820-10-35-37 establishes a framework for measuring fair value in accounting principles generally accepted in the United States of America (U.S. GAAP), and expands disclosures about fair value measurements. To increase consistency and comparability in fair value measurements and related disclosures, Paragraph 820-10-35-37 establishes a fair value hierarchy which prioritizes the inputs to valuation techniques used to measure fair value into three (3) broad levels. The three (3) levels of fair value hierarchy defined by Paragraph 820-10-35-37 are described below:

- Level 1 Quoted market prices available in active markets for identical assets or liabilities as of the reporting date.
- Level 2 Pricing inputs other than quoted prices in active markets included in Level 1, which are either directly or indirectly observable as of the reporting date.
- Level 3 Pricing inputs that are generally observable inputs and not corroborated by market data.

Financial assets are considered Level 3 when their fair values are determined using pricing models, discounted cash flow methodologies or similar techniques and at least one significant model assumption or input is unobservable.

The fair value hierarchy gives the highest priority to quoted prices (unadjusted) in active markets for identical assets or liabilities and the lowest priority to unobservable inputs. If the inputs used to measure the financial assets and liabilities fall within more than one level described above, the categorization is based on the lowest level input that is significant to the fair value measurement of the instrument.

The carrying amounts of the Company’s financial assets and liabilities, such as accounts receivables and accounts payable approximate their fair values because of the short maturity of these instruments. The Company uses Level 3 inputs for its investments.

The changes in carrying amounts of the equity investments were as follows:

	<b>June 30, 2021</b>	<b>March 31, 2021</b>
Beginning balance	\$ 570,911	\$ 570,911
Acquisitions	—	—
Dispositions	—	—
Net changes in valuation	—	—
Ending balance	<u>\$ 570,911</u>	<u>\$ 570,911</u>

**Revenue Recognition**

**APPLIED BIOSCIENCES CORP.**  
**NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE THREE MONTHS ENDED JUNE 30, 2021 (UNAUDITED)**

The Company's revenue was principally derived from its subsidiary, Trace Analytics, Inc. and from Applied Products LLC.

- Revenues from products were generated from sales of CBD products for consumer and pet health and wellness. Sales of these products were made to individual distributors and through online sales. In May 2020, Applied Products LLC intangible assets were sold to GSL Healthcare, Inc and no longer incurs any revenue.
- Trace Analytics generates revenue from services by offering state-of-the-art testing and analytics capabilities to CBD and hemp companies. Sales of these services are to marijuana producers and processors, dispensaries, and CBD and hemp companies. Starting in October 2021, Trace Analytics did not incur any further revenue due mainly to lack of funding. In January 2021, Trace Analytics entered into a license and sublease agreement with Botanalytics Inc (see Note 8).

The Company recognizes revenue in accordance with Financial Accounting Standards Board's ("FASB") Accounting Standards Update ("ASU") No. 2014-09, *Revenue from Contracts with Customers* (Topic 606) ("ASC 606"). The underlying principle of ASC 606 is to recognize revenue to depict the transfer of goods or services to customers at the amount expected to be collected. ASC 606 creates a five-step model that requires entities to exercise judgment when considering the terms of contracts, which includes (1) identifying the contracts or agreements with a customer, (2) identifying the Company's performance obligations in the contract or agreement, (3) determining the transaction price, (4) allocating the transaction price to the separate performance obligations, and (5) recognizing revenue as each performance obligation is satisfied. The Company only applies the five-step model to contracts when it is probable that the Company will collect the consideration it is entitled to in exchange for the services it transfers to its clients.

### **Property and Equipment**

Property and equipment are stated at cost. Depreciation is calculated using the straight-line method over the estimated useful lives of the assets. The Company uses an estimated useful life of three years for employee-related computers and software, three years for other office equipment and computer hardware, and five years for machinery and furniture. Leasehold improvements are amortized over the shorter of the lease-term or the estimated useful life of the related asset.

Management regularly reviews property and equipment and other long-lived assets for possible impairment. This review occurs annually or more frequently if events or changes in circumstances indicate the carrying amount of the asset may not be recoverable. Based upon management's annual assessment, there were no indicators of impairment of the Company's property and equipment and other long-lived assets as of June 30, 2021 and June 30, 2020.

### **Earnings (Loss) per Share**

The basic earnings (loss) per share is calculated by dividing the Company's net income (loss) available to common shareholders by the weighted average number of common shares during the period. Shares of common stock to be issued are included in weighted average shares calculation from the date of grant. The diluted earnings (loss) per share is calculated by dividing the Company's net income (loss) available to common shareholders by the diluted weighted average number of shares outstanding during the period. The diluted weighted average number of shares outstanding is the basic weighted average number of shares adjusted for any potentially dilutive debt or equity. Diluted earnings (loss) per share are the same as basic earnings (loss) per share due to the lack of dilutive items.

### **Investments**

The Company follows ASU 2016-01, Financial Instruments – Overall: Recognition and Measurement of Financial Assets and Financial Liabilities. ASU 2016-01 primarily affects equity investments, financial liabilities under the fair value option, and the presentation and disclosure requirements for financial instruments. Among other things, this guidance requires certain equity investments to be measured at fair value with changes in fair value

**APPLIED BIOSCIENCES CORP.**  
**NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE THREE MONTHS ENDED JUNE 30, 2021 (UNAUDITED)**

recognized in net income. As such, the Company measures its equity investments at their fair value at end of each reporting period.

Investments accounted for under the equity method or cost method of accounting above are included in the caption "Equity investments" on the Consolidated Balance Sheets.

### **Goodwill**

Goodwill represents the excess of the purchase consideration over the fair value of the net tangible and identifiable intangible assets acquired in a business combination. The Company evaluates goodwill for impairment on an annual basis or whenever events and changes in circumstances suggest that the carrying amount may not be recoverable. The Company conducts its annual impairment analysis in the fourth quarter of each fiscal year. Impairment of goodwill is tested at the reporting unit level by comparing the reporting unit's carrying amount, including goodwill, to the fair value of the reporting unit. Estimations and assumptions regarding the number of reporting units, future performances, results of the Company's operations and comparability of its market capitalization and net book value will be used. If the carrying amount of the reporting unit exceeds its fair value, goodwill is considered impaired, and an impairment loss is measured by the resulting amount. Because the Company has one reporting unit, as part of the Company's qualitative assessment an entity-wide approach to assess goodwill for impairment is utilized. No impairment was recorded during the three months ended June 30, 2021 and 2020, respectively.

### **Stock Based Compensation**

The Company issues stock options and warrants, shares of common stock, and equity interests as share-based compensation to employees and non-employees. The Company accounts for its share-based compensation to employees in accordance with FASB ASC 718, Compensation – Stock Compensation. Stock-based compensation cost is measured at the grant date, based on the estimated fair value of the award, and is recognized as expense over the requisite service period. Under ASC 718, nonemployee share-based transactions are measured by estimating the fair value of the equity instruments at the grant date, taking into consideration the probability of satisfying performance conditions.

### **Derivative Financial Instruments**

The Company evaluates its financial instruments to determine if such instruments are derivatives or contain features that qualify as embedded derivatives. For derivative financial instruments that are accounted for as liabilities, the derivative instrument is initially recorded at its fair value and is then re-valued at each reporting date, with changes in the fair value reported in the consolidated statements of operations. The classification of derivative instruments, including whether such instruments should be recorded as liabilities or as equity, is evaluated at the end of each reporting period. Derivative instrument liabilities are classified in the balance sheet as current or non-current based on whether or not net-cash settlement of the derivative instrument could be required within 12 months of the balance sheet date.

To determine the number of authorized but unissued shares available to satisfy outstanding convertible securities, the Company uses a sequencing method to prioritize its convertible securities as prescribed by ASC 815-40-35. At each reporting date, the Company reviews its convertible securities to determine their classification is appropriate.

### **Segments**

The Company operates in one segment for the distribution of products and services. In accordance with the "Segment Reporting" Topic of the ASC, the Company's chief operating decision maker has been identified as the Chief Executive Officer, who reviews operating results to make decisions about allocating resources and assessing performance for the entire Company. Existing guidance, which is based on a management approach to segment reporting, establishes requirements to report selected segment information quarterly and to report annually entity-wide disclosures about products and services, major customers, and the countries in which the entity holds material assets

**APPLIED BIOSCIENCES CORP.**  
**NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE THREE MONTHS ENDED JUNE 30, 2021 (UNAUDITED)**

and reports revenue. All material operating units qualify for aggregation under “Segment Reporting” due to their similar customer base and similarities in economic characteristics; nature of products and services; and procurement, manufacturing, and distribution processes. Since the Company operates in one segment, all financial information required by “Segment Reporting” can be found in the accompanying consolidated financial statements

**Recent Accounting Pronouncements**

There were no recent accounting pronouncements issued by the FASB, including its Emerging Issues Task Force, the American Institute of Certified Public Accountants, and the Securities and Exchange Commission that are believed by management to have a material impact on the Company’s present or future financial statements.

**NOTE 3 – PROPERTY AND EQUIPMENT**

Property and equipment consisted of the following:

	<u>June 30, 2021</u>	<u>March 31, 2021</u>
Lab Equipment	\$ 559,484	\$ 559,484
Office Furniture and Equipment	58,835	58,835
Leasehold Improvements	<u>31,557</u>	<u>31,557</u>
	649,876	649,876
Less: Accumulated Depreciation	<u>(556,911)</u>	<u>(516,587)</u>
	<u>\$ 92,965</u>	<u>\$ 133,289</u>

**NOTE 4 – EQUITY INVESTMENTS**

As of the June 30, 2021, the Company's equity investments represented investments of purchased shares of stock of four entities with ownership percentages of less than 5%. The Company follows ASU 2016-01, Financial Instruments – Overall: Recognition and Measurement of Financial Assets and Financial Liabilities, and as such, these investments are recorded at their market value, with the change in fair value being reflected in the consolidated statements of operations.

As of June 30, 2021, the fair value of these investments based on observable market evidence was determined to be \$570,911, with an unrealized gain on investments of \$102,375 for the period then ended.

Equity investments relate to the following:

	<u>June 30, 2021</u>	<u>March 31, 2021</u>
(A) GemmaCert	\$ 93,529	\$ 93,529
(B) Hightimes Holdings Corp.	327,382	327,382
(C) Precision Cultivation Systems, LLC	50,000	50,000
(D) Bailey Venture Partners XII LLC	<u>100,000</u>	<u>100,000</u>
	<u>\$ 570,911</u>	<u>\$ 570,911</u>

(A) In November 2016, and October 2017, the Company purchased 29,571 and 7,309 shares, respectively, of Preferred A stock of Cannabi-Tech Ltd. (“Cannabi”), at a price of \$1.69086 and \$2.536 per share, respectively, for an investment of \$50,000 and \$18,536, respectively. Cannabi is a private company incorporated in the State of Israel that provides lab-grade medical cannabis quality control testing systems used to test the quality of medical marijuana flowers. Cannabi subsequently changed its name to GemmaCert. The company valued these investments based on the most recent purchase price at \$2.536 per share or total fair value of \$93,529 and is believed to approximate market value as of June 30, 2021.

**APPLIED BIOSCIENCES CORP.**  
**NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE THREE MONTHS ENDED JUNE 30, 2021 (UNAUDITED)**

(B) In January 2017, the Company entered into an agreement to purchase 59,524 shares of Class A common stock at a price of \$4.20 per share for total investment of \$250,000, which accounts for less than 5% investment in Hightimes Holdings Corp. (“Hightimes”). Hightimes owns High Times Magazine and hosts festivals, events and competitions including the High Times Cannabis Cup and multiple e-commerce properties, including HighTimes.com, CannabisCup.com and 420.com.

During the year ended March 31, 2020, the Company obtained observable evidence that the investment had a market value of \$5.50 per share, or an aggregate value of \$327,382 for a decrease in value of \$327,381 and is believed to approximate market value as of June 30, 2021.

(C) In June 2017, the Company entered in a Subscription Agreement to purchase 0.5% interest in Precision Cultivation Systems, LLC (“Precision”), a Delaware limited liability company, for a purchase price of \$50,000. Precision is developing a growth system that capitalizes on a patent-pending cultivation method that utilizes proprietary irrigation and root zone conditioning. As part of the Subscription Agreement, \$42,500 of the investment is subject to repayment on a pro-rata basis with other investors who have entered into similar Subscription Agreements. Amounts subject to repayment are solely at the discretion of Precision. There have been no observable price changes from transactions for similar investments in Precision during the three months ended June 30, 2021. As such, the Company has measured the value of the investment at cost as of June 30, 2021, which management believes approximates market value.

(D) In January 2018, the Company paid \$100,000 for the purchase of a Membership Interest in Bailey Venture Partners XII LLC (“Bailey”) representing less than 5% interest in Bailey. Along with other funds received from third-party investors, Bailey plans to invest funds received in various strategic investments. There have been no observable price changes from transactions for similar investments in Bailey during the three months ended June 30, 2021. As such, the Company has measured the value of the investment at cost as of June 30, 2021, which management believes approximates market value.

As the Company does not participate in the management of these companies nor has the ability to exercise significant influence over these companies, the Company recorded these investments at cost and adjusts the cost basis to market at the end of each reporting period. Dividends are recognized when received.

**NOTE 5 – SECURITIES PURCHASE AGREEMENT**

On May 8, 2020, the Company entered into a Securities Purchase Agreement with GSL Healthcare, Inc. (the “Buyer” or “GSL Healthcare”), which was completed on May 31, 2020 (the “closing date”), whereby the Company sold 100% of the certain intangible assets of Applied Biopharma, LLC and Applied Products LLC, and a 10% interest in API Holdings, LLC, an entity that holds the Company’s equity investments (see Note 4) to the Buyer in exchange for the issuance of 19,552,587 shares of the Buyer’s common stock to the then holders of the Company’s common stock. The value of the shares issued by GSL Healthcare to the shareholders of the Company was determined by management and the Buyer to approximate the value of intangible assets sold by the Company to the Buyer and thus no gain or loss on the Securities Purchase Agreement was recorded.

**NOTE 6 – CONVERTIBLE NOTES**

2020 Convertible Notes

As of March 31, 2020, the Company had \$249,939 of Convertible Promissory notes outstanding which were converted into 250,000 shares of the Company’s common stock in April 2020 based on a conversion price of \$1.00 per share. In addition, \$28,748 of accrued interest was forgiven and reflected as a gain on conversion of convertible notes in the consolidated statement of operations for the three months ended June 30, 2020.

0% Senior Convertible Promissory Notes

In March 2020, the Company entered into Senior Convertible Promissory Notes that were due in March 2024 (the “0% Notes”) with accredited investors (“Holders”) pursuant to a private placement in which the Company issued

**APPLIED BIOSCIENCES CORP.**  
**NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE THREE MONTHS ENDED JUNE 30, 2021 (UNAUDITED)**

0% Notes totaling a principal amount of \$1,205,000 of which \$1,180,000 was received in March 2020 and \$25,000 was received in April 2020. On May 7, 2020, all of the Holders converted the principal amounts owed of \$1,205,000 into 4,820,600 shares of the Company's common stock at a price of \$0.25 per share.

The Company considered the FASB guidance of "Contracts in Entity's Own Stock" which indicates that any adjustment to the fixed amount (either conversion price or number of shares) of the instrument regardless of the probability of whether or not within the issuers' control means the instrument is not indexed to the issuer's own stock. Accordingly, the Company determined that the conversion prices of the 0% Notes was not a fixed amount because they were subject to an adjustment based on the occurrence of future offerings or events. As a result, the Company determined that the conversion features of the 0% Notes were not considered indexed to the Company's own stock and characterized the fair value of the conversion features as derivative liabilities upon issuance. The Company determined that upon issuance of the 0% Notes, the initial fair value of the embedded conversion feature was \$1,785,207. In conjunction with the conversion of the 0% Notes in April 2020, the Company recorded a gain on conversion of conversion in the statement of operations for the three months ended June 30, 2021 of \$866,439, which consisted of the \$2,024,375 derivative less unamortized debt discount of \$1,157,936.

**NOTE 7 – NOTES PAYABLE**

Upon the acquisition of Trace Analytics, the Company assumed a promissory note in the amount of \$25,000 to National Silver-Lead Mining Company. The interest rate on the note is 8% per annum and is due and payable in July 2019. As of June 30, 2021, this note remained in default.

**NOTE 8 – LICENSE AGREEMENT**

On January 1, 2021, the Company's subsidiary Trace Analytics entered into a license and sublease agreement with Botanalytics Inc. ("Botanalytics") whereby Trace Analytics granted an exclusive license to use Trace Analytics property and sublease Trace Analytics facilities. Botanalytics now pays the rent per Trace Analytics lease agreement directly to Trace Analytics landlord. Botanalytics will pay to Trace Analytics a royalty which is to be calculated as 10% of net revenue after costs. No royalties were earned or paid during the three months ended June 30, 2021.

**NOTE 9 – RELATED PARTY TRANSACTIONS**

In October 2020, the Company's Board of Directors approved the issuance of a convertible promissory note in the principal amount of \$25,000 to Greys Peak Ventures LLC, an investment firm whose partners include Scott Stevens, shareholder and Chris Bridges, CEO of the Company. The note bears interest at a rate of 2% per month on unpaid principal and matured on March 31. The note holder, at their sole discretion and election, can convert any part or all of the then outstanding principal and/or interest on this note into shares of common stock of the Company at a conversion rate of \$0.25 per share. The conversion rate is not subject to change or adjustment. As of June 30, 2021, \$25,000 was outstanding and the Company accrued \$1,200 of interest.

During the three months ended June 30, 2021 and 2020, SBS Management LLC, a company controlled by Mr. Scott Stevens and shareholder in the Company, made advances to the Company to cover certain operating expenses. These advances are unsecured, non-interest bearing, with no formal terms of repayment and totaled \$10,690 and \$5,684, respectively. During the three months ended June 30, 2021 and 2020, the Company incurred \$50,000 and \$50,000 of management fees, respectively, from SBS Management LLC and \$15,000 of rent reimbursements for the three months ended June 30, 2020 from SBS Management LLC. As of June, 2021 and 2020, \$113,368 and \$2,784, respectively, was included in accounts payable on the accompanying consolidated balance sheet.

**NOTE 10 – EQUITY**

Stock Option Plan

On May 17, 2019, the board of directors of the Company approved and adopted the terms and provisions of a 2019 Stock Option Plan (the "Plan") for the Company. No stockholder approval has been obtained approving the Plan. An aggregate of 2,000,000 shares of the Company's common stock are initially reserved for issuance upon

**APPLIED BIOSCIENCES CORP.**  
**NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE THREE MONTHS ENDED JUNE 30, 2021 (UNAUDITED)**

exercise of nonqualified and/or incentive stock options which may be granted under Plan. No options have been issued under the Plan.

Shares Issued for Debt

In conjunction with the conversion of convertible, the Company issued 5,070,600 shares of its common stock during the three months ended June 30, 2020.

Committed Shares issued

During the three months ended June 30, 2020, the Company issued 134,076 shares of its common stock that was previously committed but had not been issued and had been reflected as common stock to be issued in the consolidated balance sheet.

## Management's Discussion and Analysis of Financial Condition and Results of Operations.

The following information includes a number of forward-looking statements that reflect our current views with respect to future events and financial performance. Forward-looking statements are often identified by words like believe, expect, estimate, anticipate, intend, project and similar expressions, or words which, by their nature, refer to future events. You should not place undue certainty on these forward-looking statements. These forward-looking statements are subject to certain risks and uncertainties that could cause actual results to differ materially from our predictions.

### Results of Operations

#### Three Months Ended June 30, 2021 Compared to Three Months Ended June 30, 2020

Our revenue, operating expenses, and net loss from operations for our three months ended June 30, 2021 as compared to our three months ended June 30, 2020 were as follows:

	Three Months Ended June 30, 2021	Three Months Ended June 30, 2020	\$ Change Inc (Dec)	Percentage Change Inc (Dec)
<b>REVENUE, NET</b>				
Products	\$ -	\$ 10,467	\$ (10,467)	(100%)
Services	-	70,723	(70,723)	(100%)
Total costs of revenue	-	81,190	(81,190)	(100%)
<b>COST OF REVENUE</b>				
Products	-	40,843	(40,843)	(100%)
Services	-	6,013	(6,013)	(100%)
Total costs of revenue	-	46,856	(46,856)	(100%)
<b>GROSS MARGIN</b>	-	34,334	(34,334)	(100%)
<b>EXPENSES</b>				
Sales and marketing	-	174,979	(174,979)	(100%)
General and administrative	70,228	230,642	(160,414)	(70%)
Depreciation and Amortization	40,324	39,627	697	2%
<b>TOTAL OPERATING EXPENSES</b>	110,552	445,248	(334,696)	(75%)
<b>OPERATING LOSS</b>	(110,552)	(410,914)	(300,362)	(73%)
<b>Other Income (Expense)</b>				
Gain on conversion of convertible debt	-	895,191	(895,191)	(100%)
Interest income (expense), net	-	(444)	444	(100%)
<b>Total other income, net</b>	-	894,747	(894,747)	(100%)
<b>NET (LOSS) INCOME</b>	(110,552)	483,833	594,385	(123%)
Less: Net loss attributable to non controlling interest	19,271	36,333	(17,062)	(47%)
<b>NET (LOSS) INCOME ATTRIBUTABLE TO APPLIED BIOSCIENCES CORP.</b>	\$ (91,281)	\$ 520,166	\$ 611,447	(118%)

**Revenues:** For the three months ended June 30, 2021, we incurred no revenues. The decrease in revenues of product of \$10,467 from June 30, 2020 related to us no longer selling CBD products effective June 1, 2020. The decrease in service revenue of \$70,723 from June 30, 2020 was attributable to our shutdown of the Trace facilities due to lack of funding in October 2020. In January 2021, we entered into a license and sublease agreement with Botanalytics Inc. for the license to utilize our property. See Note 8 to our unaudited financial statements.

Cost of Revenue: We did not incur any cost of revenue during our three months ended June 30, 2021. During the three months ended June 30, 2020, we incurred \$40,843 of costs to purchase product. Cost of services were \$6,013 for the three months ended June 30, 2020.

Sales and marketing: Sales and marketing expenses decreased \$174,979 from the three months ended June 30, 2020 as we did not incur any sales and marketing expenses during the three months ended June 30, 2021.

General and administrative: General and administrative expenses decreased \$160,414 to \$70,228 for the three months ended June 30, 2021 as compared to \$230,642 for the three months ended June 30, 2020. The decrease was mainly attributable to lower professional fees.

Depreciation and amortization: Depreciation expense was essentially flat as depreciation expenses was \$40,324 for the three months ended June 30, 2021 as compared to \$39,627 for the three months ended June 30, 2020. Our depreciation expense mainly relates to lab and test equipment at our Trace Analytics facility.

Gain on conversion of convertible debt: In accordance with the FASB authoritative guidance, the conversion feature of certain convertible note issued by us were separated from the host contract (i.e., the notes) and recognized as a derivative instrument, which was re-measured at the end of every reporting period with the change in value recognized as a gain or loss in our consolidated statement of operations. In conjunction with the conversion of 0% Notes during the three months ended June 30, 2021, we recorded a gain on conversion of our 0% Notes in our unaudited statement of operations of \$866,439, which consisted of a gain on the extinguishment of a derivative liability in the amount of \$2,024,375 offset by the write-off of unamortized debt discount of \$1,157,936. In addition, \$28,752 of interest was forgiven and recorded as a gain on conversion of convertible debt, which related to convertible notes that were previously issued and converted to our common stock in April 2020. We did not incur a similar gain during our three months ended June 30, 2021.

Interest Expense: During the three months ended June 30, 2020, we recorded interest expense of \$444.

## **Liquidity and Capital Resources**

### **Cash Flows**

A summary of our cash flows for the three months ended June 30, 2021 as compared to the three months ended June 30, 2020 is as follows:

Net cash used in our operating activities decreased to \$209 for the three months ended June 30, 2021 as compared to \$515,731 for the three months ended June 30, 2020. The decrease in use of cash was primarily driven by lower operating expenses offset slightly by higher amounts of accounts payable and accrued expenses.

Net cash used in investing activities was nil during the three months ended June 30, 2021 and 2020, respectively.

Net cash provided by financing activities for the three months ended June 30, 2021 was nil as compared to \$25,000 during the three months ended June 30, 2020, which related to our issuance of a convertible note.

### **Going Concern**

As reflected in the unaudited consolidated financial statements for the three months ended June 30, 2021, we had cash on hand of \$141, we have an accumulated deficit, we utilized cash in operations, we incurred a net operating loss and we do not have any revenues. Our principal sources of liquidity have been cash provided by financing, primarily through the sale of equity securities and issuance of convertible notes and to a lesser extent, revenues from our principal business activities. Further, we have used cash for various strategic investments for which we typically receive returns when such investments are sold and when or if dividends are declared.

Our cash resources are insufficient to meet our current operating expense requirements and planned business objectives without additional financing. Our ability to continue as a going concern is dependent on our ability to raise

additional capital and to ultimately achieve sustainable revenues and income from our operations. We anticipate that significant additional expenditures will be necessary to expand and bring to market our products and investments before sufficient and consistent positive operating cash flows will be achieved. Additionally, substantial cash will be needed to establish and advance our operations. As such, we will need additional funds to operate our business through and beyond the date of this filing. There can be no assurance that such funds will be available or at terms acceptable to us. Even if we are able to obtain additional financing, it may contain undue restrictions and covenants on our operations, in the case of debt financing or cause substantial dilution for our stockholders in the case of convertible debt and equity financing. These and other factors raise substantial doubt about our ability to continue as a going concern. Our financial statements do not include any adjustments that might be necessary should we be unable to continue as a going concern.

## **Summary of Significant Accounting Policies**

### **Use of Estimates**

Preparation of the consolidated financial statements in conformity with generally accepted accounting principles requires us to make estimates and assumptions that affect certain reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Among other things, our estimates include the collectability of our accounts receivable, recoverability of inventory, assumptions made in determining impairment of investments and intangible assets, recoverability of goodwill, value of acquisitions, accruals for potential liabilities, and realization of deferred tax assets. These estimates generally involve complex issues and require judgments, involve analysis of historical information and the prediction of future trends, and are subject to change from period to period. Actual amounts could differ significantly from these estimates.

### **Investments**

We measure our equity investments at their fair value at end of each reporting period. Specifically, we follow ASU 2016-01, Financial Instruments – Overall: Recognition and Measurement of Financial Assets and Financial Liabilities. ASU 2016-01 primarily affects equity investments, financial liabilities under the fair value option, and the presentation and disclosure requirements for financial instruments. Among other things, this guidance requires certain equity investments to be measured at fair value with changes in fair value recognized in net income.

Investments accounted for under the equity method or cost method of accounting are included in the caption "Equity investments" in our Consolidated Balance Sheets.

### **Goodwill**

Goodwill is tested for impairment at the reporting unit level (operating segment or one level below an operating segment) on an annual basis and between annual tests if an event occurs or circumstances change that would more likely than not reduce the fair value of a reporting unit below its carrying value.

### **Derivative Financial Instruments**

We evaluate our financial instruments to determine if such instruments are derivatives or contain features that qualify as embedded derivatives. For derivative financial instruments that are accounted for as liabilities, the derivative instrument is initially recorded at its fair value and is then re-valued at each reporting date, with changes in the fair value reported in the consolidated statements of operations. The classification of derivative instruments, including whether such instruments should be recorded as liabilities or as equity, is evaluated at the end of each reporting period. Derivative instrument liabilities are classified in the balance sheet as current or non-current based on whether or not net-cash settlement of the derivative instrument could be required within 12 months of the balance sheet date.

To determine the number of authorized but unissued shares available to satisfy outstanding convertible securities, we use a sequencing method to prioritize its convertible securities as prescribed by ASC 815-40-35. At each reporting date, we review our convertible securities to determine their classification is appropriate.

**Recent Accounting Pronouncements**

See our discussion of recent accounting policies in Footnote 2 to the unaudited consolidated financial statements for the three months ended June 30, 2021.